

ANNUAL REPORT
—
**PUBLIC SERVICE
COMMISSION**

JULY 1, 1948 - JUNE 30, 1949



ANNUAL REPORT
OF THE
MISSOURI PUBLIC SERVICE COMMISSION

July 1, 1948 - June 30, 1949

Jefferson City, Missouri

MISSOURI PUBLIC SERVICE COMMISSION

MORRIS E. OSBURN, Chairman.....Shelbyville
KYLE D. WILLIAMS, Commissioner.....Albany
CHARLES L. HENSON, Commissioner.....Springfield
E. L. McCLINTOCK, Commissioner.....Cape Girardeau
JOHN P. RANDOLPH, Commissioner.....St. Joseph

MARVIN P. MOORE, Secretary.....Fulton
TYRE W. BURTON, General Counsel.....Fayette
R. E. DUFFY, Chief Engineer.....Greenfield
HOMER L. THORP, Chief Accountant.....Shelbyville
ROY F. REED, Chief Rate Expert.....St. Louis
CARLE R. NEWBERRY, Supervisor of Motor Bus and Truck
Department.....Jefferson City

LETTER OF TRANSMITTAL

To His Excellency, Forrest Smith,
Governor of Missouri.

Dear Sir:

Pursuant to Section 5594, R.S.Mo., 1939, we have the honor to submit herewith the Annual Report of the Public Service Commission of the State of Missouri, which said report contains a full and complete account of its transactions and proceedings for the period from July 1, 1948, to June 30, 1949, inclusive.

Respectfully submitted,

By Warren E. Osburn
Chairman

Kepler D. Williams
Commissioner

Charles L. Hanson
Commissioner

Edw. Clinton
Commissioner

John P. Randolph
Commissioner

HEADQUARTERS AND PERSONNEL

The headquarters of the Public Service Commission are located in the old Federal Building at Jefferson City, Missouri.

On the third floor are located the Legal, Accounting, and Engineering Departments. On the second floor are located the offices of the five Commissioners, the hearing room and the Reporting Department. On the first floor are located the offices of the Secretary of the Commission, and the Bus and Truck Department, with the desk where travel orders may be purchased located adjacent to the foyer, so that those who have business of this nature can be served quickly and without disturbing the other personnel of the department.

Also located on the first floor is the Transportation Rate Department, the Gas, Electricity, Water, and Telephone Department, and the general office of the Commission.

The Commission has succeeded in its determined effort to eliminate delay and make its docket entirely current. Unless the case be one in the nature of a complete audit and appraisal of a utility, or one which requires a great deal of field work, or is awaiting the filing of briefs, it can be heard and the report and order issued within less than thirty days after the case is filed.

In very urgent matters, where proper waivers on notices of hearing are filed, the case can be filed, heard, and the report and order issued on the same date.

The employees of the Commission are all specially trained for the position which they now hold, some have been with the Commission for a considerable number of years and several have attained statewide and nationwide recognition in their fields of work.

LEGAL DEPARTMENT

Personnel

During the past fiscal year July 1, 1948 to June 30, 1949, the personnel of the Legal Department has consisted of the General Counsel, two Hearing Examiners and a Reporter of Opinions, all of whom are lawyers, and two legal stenographer-secretaries, both of whom are especially trained and experienced in legal stenographic work. On April 15, 1949, the term of office of the incumbent General Counsel, John P. Randolph, expired, and upon the expiration thereof, he was appointed as a member of the Commission vice Agnes Mae Wilson, whose term of office as a member of the Commission had expired. At June 30, 1949, his successor had not been appointed.* The duties generally performed by him have been carried on by other members of the legal staff.

Duties and Work

The work of the Department during the past fiscal year followed along the generally established lines, conferring with the Commissioners and technical staff and advising them upon the legal problems that arise in the daily routine of work, too voluminous for detailed description. The duties imposed upon the General Counsel by statute requiring that he give opinions and advice to the public as to their rights under the Missouri Public Service Commission Law and the legal methods and procedure for obtaining same has been discharged. Numerous individuals or their attorneys, as well as various public officials, have

*Tyre W. Burton appointed General Counsel August 1, 1949.

conferred with the Department and have been given advice and opinions with respect to matters within the scope of its prescribed functions. The Department has worked and advised with other agencies and departments of the State Government. Various problems concerning the enforcement of the Bus and Truck Act by the State Highway Patrol have arisen during the past year, and advice and opinions concerning these matters have been given to the Patrol. As a part of this work, it has been necessary to give consideration to the various reciprocity contracts, which now total twenty-three, between this and other states regarding the license fees on vehicles of motor carriers operating in interstate commerce. These contracts have been mentioned in earlier reports and are still a subject of study. One such contract was executed during the past fiscal year and negotiations with other states have been carried on during that time. Assistance has been afforded certain county prosecuting attorneys in the presentation of cases involving violations of provisions of the Bus and Truck Act.

By statute, it is the duty of the Legal Department to represent the general public in all rate and valuation cases heard before the Commission. During the past fiscal year there have been a number of rate cases before the Commission involving rates for transportation service as well as other utility services. In all such cases the Legal Department has appeared on behalf of the general public, and in cooperation with the technical staff, has presented all available facts and information to the Commission.

During the past fiscal year, the work of one member of the Legal Department has been devoted largely to the editing, digesting, indexing and otherwise preparing selected reports and orders of the Commission for publication. In all, three volumes were printed or were in the process of being printed during the past fiscal year covering the period October, 1939 to December, 1949, inclusive, and the period September, 1947 to February, 1949, inclusive. These publications were prepared and printed pursuant to Section 5595 et seq., Laws of Missouri, 1947.

The principal duty of the Hearing Examiners is to assist the Commission in hearing cases. The Examiners have heard many cases during the past year thus enabling the Commission to dispose of the cases on its crowded docket in an efficient and orderly manner. In addition to presiding at the hearing of cases, the Examiners prepare the suggested report and order which is submitted to the Commission for its consideration and subsequent adoption or change.

In addition to all the foregoing, the Department has represented the Commission in various hearings before the Federal Power Commission and the Interstate Commerce Commission, and it, also, has represented the Commission in all litigation in the courts wherein the Commission was a party or had an interest therein on behalf of the consumers of public utility services in this State.

One of the important duties of the Commission requiring considerable time of the members of the Department is to represent the State on joint boards created by the Interstate Commerce

Commission pursuant to the federal Interstate Commerce Act. The function of the joint boards is to hear applications for authority to operate as a motor carrier in interstate commerce and, also, to recommend to the Interstate Commerce Commission the action to be taken thereon. The General Counsel has acted as the chief representative from this State with other members of the staff serving as alternate members. Most of the joint board hearings have been held either in St. Louis or Kansas City; however, several of the hearings have been held in some of the larger cities in neighboring states.

The following is a summary of the cases handled by this Department but does not include each and every case.

Circuit Court Cases

STATE EX REL. W. H. JOHNSON, D/B/A GREAT SOUTHERN COACHES, ET AL.
VS. PUBLIC SERVICE COMMISSION
(Commission Case No. B-9358; Circuit Court No. 11,000)

This cause at the date of the last report of the Commission was pending in the Circuit Court of Cole County and is still pending at the date of this report.

STATE EX REL. BYERS TRANSPORTATION COMPANY, INC., ET AL. VS.
PUBLIC SERVICE COMMISSION
(Commission Case No. T-9881; Circuit Court No. 11,496)

This cause at the date of the last report of the Commission was pending in the Circuit Court of Cole County and is still pending at the date of this report.

STATE EX REL. DIXIE GREYHOUND LINES, INC., ET AL. VS. PUBLIC
SERVICE COMMISSION
(Commission Case No. B-9778; Circuit Court No. 11491)

This cause at the date of the last report of the Commission was pending in the Circuit Court of Cole County and

is still pending at the date of this report.

STATE EX REL. A. P. GREEN FIRE BRICK COMPANY VS. PUBLIC
SERVICE COMMISSION

(Commission Case No. 11,003; Circuit Court No. 11,490)

This cause at the date of the last report of the Commission was pending in the Circuit Court of Cole County. On May 14, 1949, it was dismissed in said Circuit Court by stipulation of the parties.

STATE EX REL. WILLIAMS AND CALMER ET AL. VS. PUBLIC SERVICE
COMMISSION

(Commission Case No. 10,972; Circuit Court No. 12771-D, Division 2)

This case is shown by the last report of the Commission as having been argued before the Circuit Court of the City of St. Louis and taken under advisement by the judge. On October 9, 1948, the Commission's report and order was affirmed by the Circuit Court of the City of St. Louis, and relator's motion for new trial was overruled November 12, 1948. Nothing further having been done by the relators, this judgment became and is now final.

STATE OF MISSOURI EX REL. CITY OF ST. LOUIS VS. PUBLIC SERVICE
COMMISSION

(Commission Case No. 11,520; Circuit Court No. 12,023)

This case arose as a result of an order made by the Commission after a hearing upon an application by the St. Louis Public Service Company for increase in passenger fares charged for the transportation of persons over its lines within the City of St. Louis and St. Louis County. The Commission on February 26, 1949, issued its report and order granting certain increases in passenger fares, and the City of St. Louis appealed

by certiorari to the Circuit Court of Cole County. The Commission filed its return to the writ of certiorari on April 7, 1949. This is the status of the case as of June 30, 1949.

PUBLIC SERVICE COMMISSION VS. JOSEPH C. CIRESE AND EAST SIDE REALTY COMPANY

(Commission Case No. 9900; Circuit Court Case No. 529,785)

This case has its origin in an order made by the Commission, after hearing, upon a complaint by the Kansas City Power and Light Company that one Joseph C. Cirese et al. were operating as a public utility in the sale and distribution of electrical energy to certain persons residing in Kansas City, Jackson County, Missouri. The Commission in its report and order issued November 18, 1940 found that Joseph C. Cirese et al. were operating their electrical properties as a public utility, as alleged, and ordered the defendants to cease such operations. This report and order was affirmed by the Kansas City Court of Appeals in 178 S.W.(2d) 788. Subsequent to the decision of the Kansas City Court of Appeals, a petition was filed by the Kansas City Power and Light Company wherein it was alleged that the defendants, Joseph C. Cirese et al., had organized a corporation, known as the East Side Realty Company, for the sole purpose of evading and avoiding the effect of the report and order of the Commission in Case No. 9900 and the decision of the Kansas City Court of Appeals affirming said order; that the properties of the defendants, Joseph C. Cirese et al., so used had been transferred to said corporation and that it was using the properties in the rendition of electric service to the public as a public utility without a certificate of convenience and necessity and

in violation of the law. The Commission issued its order to its General Counsel directing that he take appropriate action in regard to the matter, whereupon a petition for a permanent injunction against the rendition of electric service as a public utility by said Joseph C. Cirese and the East Side Realty Company was filed on July 13, 1948, in the Circuit Court of Jackson County. At the date of this report, this case is pending before Division Six of said Circuit Court.

Kansas City Court of Appeals

ANDERSON MOTOR SERVICE, INC. AND BYERS TRANSPORTATION COMPANY, INC.
VS. PUBLIC SERVICE COMMISSION
(Commission Case No. T-8336; Circuit Court No. 10,909)

This case, as shown by the last report of the Commission, was pending in the Kansas City Court of Appeals. The case was dismissed on December 8, 1948, for failure of the appellants to perfect their appeal.

STATE EX REL. CITY OF FERGUSON ET AL. VS. PUBLIC SERVICE COMMISSION
(Commission Case No. 10,814; Circuit Court No. 11,191)

At the date of the last report of the Commission this case was pending in the Kansas City Court of Appeals. On October 1, 1948, the matter was dismissed by that court for failure of appellants to perfect their appeal.

STATE EX REL. WILLIE WALLEN AND DIXIE GREYHOUND LINES, INC. VS.
PUBLIC SERVICE COMMISSION
(Commission Case No. B-9139; Circuit Court No. 10,608)

At the date of the last report of this Commission, the above case was pending in the Kansas City Court of Appeals. On October 4, 1948, it was dismissed for failure of the appellants to perfect their appeal.

STATE EX REL. SPRINGFIELD WAREHOUSE AND TRANSFER COMPANY VS.
PUBLIC SERVICE COMMISSION
(Commission Case No. T-10,400; Circuit Court No. 11,472)

This case arose upon a joint application of the Springfield Warehouse and Transfer Company and Sur-Way Lines, Inc., for the transfer of the Springfield Company's authority to render a specialized service as a motor carrier of heavy machinery and like commodities requiring special equipment and special service to Sur-Way Lines, Inc. The Commission, after hearing, denied the application, whereupon the applicants, Springfield Warehouse and Transfer Company and Sur-Way Lines, Inc., filed a petition for writ of certiorari in the Circuit Court of Cole County. The Commission filed its return to the writ of certiorari, and the matter was duly argued before the Circuit Court of Cole County. On January 26, 1949, said Circuit Court reversed the order of the Commission and remanded the cause to the Commission. The Commission on March 3, 1949, filed its notice of appeal from the judgment of the Circuit Court of Cole County to the Kansas City Court of Appeals. This is the status of this case as of June 30, 1949.

St. Louis Court of Appeals

STATE EX REL. ST. LOUIS COUNTY TRANSIT COMPANY ET AL. VS.
PUBLIC SERVICE COMMISSION
(Commission Case No. 11,167; Circuit Court No. 25,563-D)

STATE EX REL. CITIZENS' COMMITTEE OF LADUE VS. PUBLIC SERVICE
COMMISSION
(Commission Case No. 11,167; Circuit Court No. 25,618-D)

STATE EX REL. CITY OF LADUE VS. PUBLIC SERVICE COMMISSION
(Commission Case No. 11,167; Circuit Court No. 25,619-D)

These cases arose as a result of the report and order issued by the Commission after hearing on the application of

the St. Louis Public Service Company for authority to substitute motorbus service for certain of its street railway lines. The Commission in its report and order granted the application in part; whereupon the appellants, in the above styled cases, filed petitions for writs of certiorari in the Circuit Court of the City of St. Louis. The Commission duly filed its return to the writs of certiorari, and the cases were consolidated and argued before Division 3 of the Circuit Court of the City of St. Louis. The report and order on May 20, 1949, was affirmed by that Court. On June 22, 1949, the St. Louis County Transit Company et al., Relators, filed their notice of appeal to the St. Louis Court of Appeals. This is the status of this case as of the date of this report.

Supreme Court of Missouri

STATE EX REL. PARTNOY, SIMON, D/B/A HARMONY PUBLISHING COMPANY,
VS. PUBLIC SERVICE COMMISSION
(Commission Case No. 11,031; Circuit Court No. 11,308)

This case at the date of the last report was pending in the Supreme Court of Missouri. On March 18, 1949, that court continued this case to its September session, 1949. This is the status of this case as of June 30, 1949.

STATE EX REL. D. A. RICE, D/B/A DOMIPHAN TELEPHONE COMPANY, VS.
PUBLIC SERVICE COMMISSION ET AL.
(Commission Case No. 10,076; Circuit Court No. 10,843)

At the date of the last report, this case was in the Supreme Court of Missouri awaiting argument before the Court en banc. The case was argued before the Supreme Court en banc on April 28, 1949, and on May 9, 1949, the order of the Commission

and the judgment of the Circuit Court were affirmed by the State Supreme Court (220 S.W.(2d) 61). This decision of the Supreme Court closes this case.

STATE EX REL. KANSAS CITY ET AL. VS. PUBLIC SERVICE COMMISSION
(Commission Case No. 11,191; Circuit Court No. 11,834; Supreme Court Case No. 41479)

This case arose as a result of a report and order made by the Commission after a hearing upon the application of the Southwestern Bell Telephone Company for an increase in rates and charges for telephone service rendered within the State of Missouri. On January 18, 1949, the Commission's report and order was issued wherein the applicant was permitted to increase said rates and charges in certain amounts. A writ of certiorari was duly sued out by the City of Kansas City on February 5, 1949, and the City of St. Louis on February 19, 1949, whereupon in compliance with the order of the Circuit Court of Cole County, the Commission filed its return to the writs. On February 5, 1949 the City of Kansas City filed a motion for reversal of the Commission's report and order on the ground that the report and order was not valid because a majority of the Commission had not concurred therein. The motion was duly argued on February 15, 1949 before the Circuit Court of Cole County, and the report and order was by that Court on the 21st day of February, 1949, held to be void and was reversed and remanded to the Commission. On February 26, 1949, the County of St. Louis, as an intervenor, filed a motion for new trial which was overruled by the Circuit Court on March 26, 1949. On April 2, 1949, St. Louis County filed its notice of appeal from the judgment

of the Circuit Court overruling the motion for new trial. On April 21, 1949, a motion to dismiss the appeal of St. Louis County was filed in the Supreme Court by the legal staff of the Commission which was overruled by the Supreme Court. This is the status of this case as of June 30, 1949.

STATE EX REL. KANSAS CITY ET AL. VS. PUBLIC SERVICE COMMISSION
(Commission Case No. 11,191; Circuit Court No. 11,863; Supreme Court Case No. 41,616)

Pursuant to the order of the Circuit Court of Cole County reversing and remanding the report and order referred to in the paragraph above (Circuit Court Case No. 11,834), another report and order involving the application of the Southwestern Bell Telephone Company for an increase in its rates and charges for telephone service in the State of Missouri was issued on February 25, 1949 by the Commission. This report and order was substantially in the same form as the report and order, supra, reversed and remanded by the Circuit Court of Cole County. On March 17, 1949, after a motion for rehearing filed by the City of Kansas City had been overruled, said City sued out a writ of certiorari in the Circuit Court of Cole County. The Commission filed its motion in the Circuit Court for an order permitting the use of the return filed in the case referred to in the paragraph above (Circuit Court Case No. 11,834) as the return in this case, which was granted. The City of Kansas City on March 12, 1949 filed its motion in said Circuit Court for an immediate reversal of this second report and order on the ground that since the motion for a new trial filed by the County of St. Louis in the earlier case (Circuit Court No. 11,834) had not been acted

upon by said Circuit Court, jurisdiction in the matter rested exclusively with the Circuit Court of Cole County and the Commission was without jurisdiction to issue the report and order. This motion was duly argued and on May 21, 1949 was sustained by the Circuit Court and the report and order set aside and reversed. Thereupon, the Commission and the Southwestern Bell Telephone Company appealed to the Supreme Court of Missouri. This is the status of this case at June 30, 1949.

Supreme Court of the United States

INTERSTATE NATURAL GAS COMPANY VS. FEDERAL POWER COMMISSION ET AL.
(Circuit Court of Appeals, Fifth Circuit, No. 10,701;
U.S. Supreme Court Nos. 109, 188, 209, 212)

As shown by the last report, this case arose as a result of an order of the Federal Power Commission substantially reducing the wholesale rates of gas sold in interstate commerce to intermediate wholesale gas companies by the Interstate Natural Gas Company. This order was affirmed by the Circuit Court of Appeals for the Fifth Circuit and the United States Supreme Court on certiorari. While the order of the Federal Power Commission was undergoing judicial review, amounts charged by Interstate in excess of the rates prescribed by the Federal Power Commission were impounded in the registry of the Circuit Court of Appeals for the Fifth Circuit. Following final determination of this litigation, the Interstate Natural Gas Company filed a motion in the Circuit Court of Appeals for the distribution of the impounded funds to the Mississippi River Fuel Corporation and others who were direct customers of Interstate. The Fifth Circuit Court of Appeals sustained the motion and

ordered the money paid to the direct customers of Interstate. This Commission contended before that Court that this money should be paid to the ultimate consumers of the gas, and on that ground, it petitioned the Supreme Court of the United States for a writ of certiorari to review the order of the Fifth Circuit Court of Appeals. The petition was granted by the Supreme Court, and the case on January 11, 1949 was duly argued before that Court. The Supreme Court, on April 18, 1949, reversed the decision of the Fifth Circuit Court of Appeals, and in so doing, sustained the contention of this Commission that the Circuit Court of Appeals should examine the equities of the situation in order to determine the rights of the parties to the impounded funds and order distribution thereof to the persons equitably entitled thereto. The opinion of the Supreme Court is found in 69 S. Ct. 775, 92 L. Ed. 739. As of the date of this report, the matter is pending determination by the Fifth Circuit Court of Appeals pursuant to the mandate of the Supreme Court.

ACCOUNTING AND STATISTICAL DEPARTMENT

The Department is delegated with the responsibility of assisting the Commission in matters regarding valuations of utility properties for rate making purposes, security issues, reorganizations, consolidations, and property acquisitions by operating utilities. It is represented and presents evidences at hearings in which these matters are involved. It also conducts audits and investigations of various public utilities, in order to develop and present information which will enable the Commission to be fully informed of the actual conditions when passing upon a case involving any of the matters previously mentioned.

Other duties consist of the supervision of the accounting of all the utilities in the state, which are subject to the jurisdiction of the Commission, including the obtaining from each such utility of an annual report of its operations, which is filed in the department as a public record. The department also assists in the preparation of the budget for each fiscal year, and maintains current records of the expenditures, and periodically advises the Commission as to the current status of each appropriation. In addition, since the revision of Section 5706 of the Public Service Commission Law, which sets forth the method of assessing various classes of public utility companies by the Commission for the expenses incurred each fiscal year attributable to the exercise of its regulatory powers, the department has been directed by the Commission to calculate the exact amount of the assessment against each public utility company, in accordance with the provisions of the Act.

Personnel

The personnel of the Department at June 30, 1949, consists of a Chief Accountant, thirteen Accountants and two Senior Stenographers.

Audit and Special Studies

With the exception of the Chief Accountant and the general office staff, the balance of the personnel of the Department perform their duties in the field, auditing the books and records of the various utility companies. The purpose of these audits is to determine the original cost of utility property, operating revenues and expenses and net operating income applicable thereto, and the utility's capitalization, for the use of the Commission in any valuation or rate case which may be before it, and for any other purpose which the Commission might deem proper under the circumstances. Special studies are also made from time to time by members of the Department for the purpose of inquiring as to the adequacy, or inadequacy, of the net operating income of the utility under review, based on its existing rate structure.

During the fiscal year the largest and most important cases in which the Department was involved were the St. Louis Public Service Company, Case No. 11,124 and the Kansas City Public Service Company, Case No. 11,204. Involved in the above cases were the determination of original cost and the examination of operating revenues and expenses.

Also, during the year the Commission received numerous applications from independent telephone companies asking for authority to increase their charges for telephone service, largely

because of the rapidly increasing costs of operation. In order to expedite the many telephone applications for increase in rates, one of our field accountants has been assigned to audit and make an investigation of the books and records and report the findings to this Department so that prompt action may be taken. Audits and investigations were completed during the fiscal year of a number of these independent telephone companies seeking relief, and the cases have been disposed of by the Commission. As of June 30, 1948, however, the Commission, on its own motion, had directed the Department to make audits and investigations of numerous additional small independent telephone companies, and this work will be accomplished as soon as possible.

The following is a list of the audits and investigations in which the department was involved during the year. As was stated previously, at June 30, 1949, the field work in some of these cases was not completed, and the accounting and other staff reports had not been filed with the Commission.

Kansas City Public Service Company
St. Louis Public Service Company
Gasconade Power Company
Union Electric Company
Inter-County Telephone Company
New London Telephone Company
Western Lt. and Telephone Company
Empire District Electric Company
Martinsville Telephone Company
Macon Gas Company
Chula Telephone Company
Eagleville Telephone Company
Oregon Farmers Mutual Telephone Company
Huntsville Telephone Company
Springfield City Water Company
Seneca Telephone Company
Missouri Service Company
Wentworth Telephone Company
Sho-Me Power Corporation
St. James Telephone Company

Washburn Telephone Company
Missouri Water Company
St. Louis County Water Company
Southwestern Bell Telephone Company
Cuba Telephone Company
Christian County Telephone Company
Waco Telephone Company
Purcell Telephone Company
Avilla Telephone Company
Citizens Electric Corporation
Doniphan Telephone Company
Doniphan Telephone Company of Wayne County
Garden City Telephone Company
Diamond Telephone Company
Stotts City Telephone Company
Verona Telephone Company
Purdy Telephone Company
Granby Telephone Company
Pineville Telephone Company
Stella Telephone Company

In addition, during the fiscal year, the Department, in cooperation with the Federal Power Commission, completed its study to determine the original cost of the property and plant of the Sho-Me Power Corporation, in Case No. 11, 682, and Citizens Electric Corporation, Case No. 11,579. On July 21, 1949, in Case No. 11,682 and on March 17, 1949, in Case No. 11,579, the Commission entered its order approving for accounting purposes an adjusted original cost of the property and plant of Sho-Me Power Corporation and Citizens Electric Corporation as of January 1, 1949.

During the fiscal year the accountant who was assigned permanently to the handling of the accounting matters of Bus and Truck Companies, operating intrastate under the Commission's jurisdiction, made a total of 199 calls to various motor carriers. Upon receipt of the annual and quarterly reports of the various motor carriers they were immediately checked and any irregularities and omissions noted were called to the carrier's attention and

carriers were requested to file corrected copies of reports.

During the year 1949, a total of 450 annual reports and 2,250 quarterly reports were filed and checked in this Department. While the duties performed by this accountant are not entirely in the nature of audits, he supervises the accounting methods and practices of these companies for the purpose of improving their accounting records and reports to the Commission, and to bring them in line with the Commission's requirements. Also, this accountant is available for obtaining necessary accounting and statistical data relative to the various motor carrier operations, as might be required by the Commission from time to time in passing upon the requests of various carrier groups for increased rates. The need for this specialized work has long been recognized and the advantages are already apparent, although the accountant has been assigned this work for only a relatively short period of time.

Other studies were made throughout the period in connection with the various problems which arose, and which required more information than was in the offices of the Commission.

Security Issues

During the fiscal year the amount of security issues authorized was \$194,084,260.00 or 13% less than the amount authorized in the preceding fiscal year. Of this amount \$65,090,850.00 was for the purpose of refunding outstanding securities and \$128,993,410.00 was for new money obtained for the acquisition, construction, completion, extension and improvement of the securities of the various utility companies. The amount of refunding issues was

approximately 844% greater than the amount authorized in the previous fiscal year as compared to a decrease of 40% for new money authorizations.

There were few refunding authorizations issued, the large dollar total being accounted for by the fact that one Missouri utility company was able to refund \$65,000,000.00 of its securities at an advantageous rate. The decrease in the authorizations for new money would seem to indicate that the demand for utility service is no longer far in excess of the supply of same. The increased availability of materials also allowed companies to proceed during the year in the completion of long delayed construction projects requiring additional capital. The fact that Missouri public utility companies were able to obtain their capital requirements during a year in which there was keen competition for the investor's dollar, reflects to some degree the sound financial condition of these companies and their good credit rating. This is further justification for the continuance by the Commission of its policy of careful scrutiny of all proposed security issues, with the view of improvement in corporate structures and in increasing the margin of safety to investors.

The following table shows the securities authorized to be issued during the period from July 1, 1948, to June 30, 1949, inclusive.

SECURITIES AUTHORIZED JULY 1, 1948 to JUNE 30, 1949

<u>DATE OF</u> <u>AUTHORITY</u>	<u>CASE</u> <u>NO.</u>	<u>NAME</u>	<u>KIND OF</u> <u>SECURITY</u>	<u>TOTAL VALUE</u>
7-1-48	11,386	CITIZENS ELECTRIC CORPORATION	Notes	\$ 1,070,000.00
7-21-48	11,224	SOUTHWEST CITY TELEPHONE COMPANY	Notes	15,000.00
7-31-48	11,359	AUXVASSE TELEPHONE COMPANY	Notes	15,000.00
8-13-48	11,427	CONSUMERS PUBLIC SERVICE COMPANY	Bonds	80,000.00
10-11-48	11,455-11,456	UNION ELECTRIC COMPANY OF MISSOURI	Common Stock	65,000,000.00
10-27-48	11,352	HOME TELEPHONE COMPANY	Common Stock	2,500.00
11-10-48	11,379	WEBSTER COUNTY TELEPHONE COMPANY	Notes	20,000.00
11-12-48	11,416	STELLA TELEPHONE EXCHANGE	Notes	4,000.00
11-29-48	11,488	PANHANDLE EASTERN PIPE LINE COMPANY	Debentures	30,000,000.00
11-27-48	11,495	WESTERN LIGHT AND TELEPHONE COMPANY	Bonds	2,500,000.00
11-27-48	11,495	WESTERN LIGHT AND TELEPHONE COMPANY	Common Stock	472,060.00
12-6-48	11,497	MISSOURI POWER & LIGHT COMPANY	Common Stock	2,200,000.00
12-13-48	11,501	SOUTHWESTERN BELL TELEPHONE COMPANY	Common Stock	70,000,000.00
2-7-49	11,541	ST. CHARLES GAS COMPANY	Notes	20,000.00
2-10-49	11,535	CASS COUNTY TELEPHONE COMPANY	Notes	50,000.00
2-17-49	11,557	MISSOURI EDISON COMPANY	Debentures	150,000.00
3-3-49	11,565	REEDS SPRING TELEPHONE COMPANY	Notes	1,500.00
3-28-49	11,454	MISSOURI NATIONAL GAS COMPANY	Bonds	250,000.00
3-30-49	11,574	MISSOURI PUBLIC SERVICE CORPORATION	Bonds	1,000,000.00
3-30-49	11,574	MISSOURI PUBLIC SERVICE CORPORATION	Debentures	900,000.00
4-4-49	11,506	BOWLING GREEN GAS COMPANY	Preferred Stock	35,000.00
4-29-49	11,609	SHO-ME POWER CORPORATION	Notes	2,600,000.00
5-2-49	11,617	CAPITAL CITY TELEPHONE COMPANY	Bonds	820,000.00
5-20-49	11,632	LINCOLN TELEPHONE COMPANY	Common Stock	5,000.00
5-20-49	11,632	LINCOLN TELEPHONE COMPANY	Notes	60,000.00
5-20-49	11,632	LINCOLN TELEPHONE COMPANY	Notes	15,000.00
5-31-49	11,602	FARBER TELEPHONE COMPANY	Notes	2,500.00
6-1-49	11,637	ARKANSAS-MISSOURI POWER CORPORATION	Notes	3,150,000.00
6-1-49	11,637	ARKANSAS-MISSOURI POWER CORPORATION	Bonds	5,500,000.00
6-8-49	11,603	HOME TELEPHONE COMPANY	Notes	3,500.00
6-8-49	11,599	FOREST GREEN TELEPHONE COMPANY	Notes	3,400.00
6-9-49	11,651	MISSOURI UTILITIES COMPANY	Common Stock	639,800.00
6-16-49	11,649	ST. JOSEPH LT. & PR. COMPANY	Bonds	4,750,000.00
6-16-49	11,649	ST. JOSEPH LT. & PR. COMPANY	Common Stock	2,000,000.00
6-27-49	11,661	UNITED TELEPHONE COMPANY	Bonds	500,000.00
6-27-49	11,661	UNITED TELEPHONE COMPANY	Common Stock	250,000.00
TOTAL				\$194,084,260.00

Recapitulation

Notes	\$ 7,029,000.00
Bonds	15,400,000.00
Debentures	31,050,000.00
Common Stock	140,569,360.00
Preferred Stock	<u>35,000.00</u>
Total	\$ 194,084,260.00

Annual Reports

Approximately 1,000 electric, gas, water, heating, telephone, telegraph, street railroad, railroad, sleeping car, express, and bus and truck companies filed annual reports with the Commission. These reports show each reporting utility's financial condition and operating results for the last calendar year. The reports are available for public inspection, and the information contained in them is used extensively by security holders, investment brokers, municipal and county officials, and other interested public utilities and individuals.

The department uses these reports in developing rates of return and earnings for the various companies under the Commission's jurisdiction. From time to time, statistical studies pertaining to various matters under review are also developed for the use of the Commission.

Too much emphasis cannot be placed upon the importance of obtaining this required annual report from each utility regardless of its size. Each year in the past, various small utilities have been delinquent in filing and the department has been compelled by various means to advise them of their delinquency. In spite of these efforts, there were always a few utilities from which the Department was unable to obtain a report. For the

calendar year, however, our efforts for the first time culminated in the filing of reports by practically all utilities so obligated. While the Public Service Commission Law grants the Commission the power to assess a penalty for this failure, the Commission has never exercised this power, preferring instead by less severe methods to impress upon all utilities the importance of complying with this portion of the law. We feel the results of the past year justify this course of action.

Budget and Appropriations

The Department advises the Commission periodically as to the status of each of the appropriations under which it operates, and helps in the preparation of the budget request for each biennium. Current records are maintained in the Department recording the expenditures under the various appropriations and showing the free balance of each appropriation. All Commission expenditures are referred to the Department for the purpose of determining whether the expenditures contemplated can be made within the scope of the budget appropriation.

In accordance with the provisions of Section 5706, Laws of Missouri, 1947, the Commission on June 17, 1949, entered its order in case No. 11,110, Supplemental Order #2 in which it estimated the amount of its expenses for the current fiscal year payable under the provisions of this Section at \$280,000.00. After crediting the various utilities with an unexpended balance from the preceding fiscal year of \$90,000.00, the Commission assessed each group, in addition to the said unexpended sum, as follows:

(a) Railroad Corporations	\$ 30,000.00
(b) Street Railroad Corporations	20,000.00
(c) Other Common Carriers	250.00
(d) Electric Corporations, Gas Corporations, Water Corporations, Heating Companies and Telephone Companies	139,500.00
(e) Telegraph Corporations	<u>250.00</u>
Total	\$ 190,000.00

It should be noted that the amount assessed against all utilities this year of \$190,000.00 was \$10,500.00 less than the amount assessed in the preceding fiscal year.

The Department, in the same order, was directed to calculate the amount of the assessment against each public utility in each group, in proportion to its gross intrastate revenues for the preceding calendar year in relation to the total for the group. The assessments so calculated were presented to the Secretary of the Commission, who was directed to notify each utility of the amount assessed and the method by which payment should be made.

Fees

During the fiscal year the fees collected, exclusive of those collected by the Bus and Truck Department were as follows:

Authority Fees	\$ 10,244.50
Miscellaneous Earnings	<u>13,731.61</u>
Total	\$ 23,976.11

The fees collected for the current fiscal year of \$23,976.11 compares with \$70,323.22 collected in the preceding year. This decrease is due primarily to the sharp decrease in collections from security authorizations. All authority fees and miscellaneous fees now collected revert directly to the

State's General Revenue Fund and are not subject to expenditure by the Commission under appropriations.

Cooperation with Other Regulatory Commissions

During the fiscal year, close cooperation was maintained with the Federal Power Commission, in connection with joint checks of original cost of various Missouri electric utilities; also, conferences were held between members of the Department and the Federal Communications Commission, regarding the treatment of accounting problems of Southwestern Bell Telephone Company. The department has also cooperated with the Securities and Exchange Commission and Rural Electrification Commission, in matters of mutual interest.

The Chief Accountant is a member of the Committee on Accounts and Statistics of the National Association of Railroad and Utilities Commissioners, and in such capacity is frequently called upon to render opinions on current accounting problems brought to the attention of the Committee, and to attend meetings of the Committee relative to utility accounting practice and procedure.

General

In addition to the previously outlined duties, the Department is constantly called upon for assistance and information by the general public, and, when not in conflict with the Commission's policy, such assistance and information is rendered. The Department also works in close cooperation with the other departments of the Commission, and many of the results which have been achieved have been the result of cooperation and assistance from these departments.

At the close of the fiscal year, the Department was faced with the problem of ever increasing demands for the service of its personnel. Because of the increased operating costs, various classes of utilities are constantly petitioning the Commission for authority to file increased schedules of rates. Usually in such cases, the petitioner stresses the urgency of the situation and requests immediate remedial action. The Department is attempting to make the necessary studies as rapidly as physically possible.

ENGINEERING DEPARTMENT

The work of the Engineering Department covers engineering problems coming before the Commission relating to railway, water, gas, electric, steam heating, telephone and telegraph utilities in the State. It is planned so that the personnel assigned for administrative purposes is in accordance with the training and experience of the various staff members. The department is made up of twelve men and three clerks. The work handled covers generally, valuation, including cost and depreciation studies, of the above utilities. There are many operating and service problems relating to all of the above that continually require the attention of the staff.

Railway Service and Safety

This requires work on problems of the following character:

1. Inspection of Steam and Electric Properties
2. Investigation to determine the necessity and safety of switch and side track connections.
3. All matters relating to the service offered by railroad companies at their stations.
4. Studies relating to street railway traffic and service.
5. Investigations relative to applications for Certificates of Convenience and Necessity as filed by Steam and Electric Railroads.
6. Supervision of Steam and Electric Railway crossing protection, signal systems and interlocking plants.
7. Investigations of accidents on Steam and Electric Railroads.
8. Approval of plans in regard to clearances.

9. Drainage investigations.
10. Sanitation inspections.
11. Safe working conditions for employees of railroads.

The following tabulations show the Commission's disposition of the one hundred eight formal cases in this field which have come before the Commission and this department for examination.

Railway Service

Stations abandoned	0
Discontinuance of agency (granted)	4
Discontinuance of agency (denied)	3
Installation of caretaker (granted)	4
Agency closed	4
Discontinuance of caretaker (granted)	4
Construction of spur or switch tracks (granted)	14
Construction of spur or switch tracks (dismissed)	1
Abandonment of tracks (granted)	1
Construction of new main line track	2
Abandonment of main line track	1

Railway Safety

Reduced horizontal clearance (granted)	6
Reduced vertical clearance (granted)	4
Interlocking plans approved	11
Additional tracks over existing crossings	12

Railroad Crossings

Crossings protected (lights, gates or flagman)	58
Railroad crossing railroad	1
Crossings (granted)	16
Crossings (denied)	1
Crossings (dismissed)	1
Protected crossings (granted)	3
Grade crossings closed (granted)	7
Grade separations (granted)	10
Grade separations (abolished)	0

The above tabulation shows that the Commission considered the application for permission to construct thirty-three crossings as applied for in twenty-four formal cases. The Commission dismissed two applications without prejudice. In granting the application in twenty-two cases, the Commission gave authority to construct thirty-one new crossings and at the same time ordered seven existing crossings closed. Of the thirty-one new crossings authorized, twenty-two were occasioned by the construction of additional tracks by the railroads of the State. There were ten grade separations authorized.

In forty-six cases before the Commission for crossing protection, fifty-eight crossings were involved. The Commission ordered that thirty-six crossings be protected by flasher lights; that twelve crossings be protected by flasher lights and part time manual supervision; that nine crossings be protected by flasher lights and gates and that one flasher light installation be relocated. At seven crossings where flasher lights only were

installed, watchmen were removed from each crossing and at six crossings where flasher lights and gates were installed, a watchman was removed from each crossing.

In the interest of the safety of the employees and others, thirty-six field inspections were made. Nine of the inspections dealt with the problems that were before the Commission in formal cases. Twenty-six inspections were made of complaints filed before the Commission and resulted in the complaints being adjusted at the time of the field inspection, thereby eliminating a formal case. One adjustment of a complaint is still pending.

In the following tables, there are set forth data derived from the reports in the Commission's files pertaining to nine hundred sixty-two accidents on steam railroads in the State:

	KILLED	INJURED
Passengers	2	90
Employees	9	462
Trespassers	26	25
Non-trespassers	<u>64</u>	<u>118</u>
TOTAL	101	695

Accidents (no injury).....224

Total number of accidents.....962

Of the total nine hundred sixty-two (962) accidents, ninety-nine (99) occurred at highway grade crossings. Twenty-two of the accidents were caused by vehicles on the highway running into trains, while seventy of the ninety-nine accidents were caused by the railroad trains striking vehicles. There

were seven pedestrians struck at crossings. Forty-seven persons lost their lives as a result of the accidents and ninety-one persons were injured at railroad crossings.

Our records show that the number of accidents has decreased during the past few years and while the magnitude of accidents is still quite large, this Department is constantly studying ways and means to reduce the number. Members of the Department, after contacting other interested parties, make field inspections of hazardous conditions at crossings and other safety violations. The railroad companies usually have a representative present when an investigation is made and corrective measures in the interest of improving conditions are frequently handled informally with the railroad company's representatives at the time of inspection, thereby eliminating numerous hazards in less time than is required when a formal case is filed. Some of these inspections, of course, are made in instances when the question involved is a matter of a formal case before the Commission. In all instances, a full report of all inspections is presented to the Commission for its consideration.

Water and Gas Utilities

The public utilities operating water service systems have continued to expand and render adequate service. There have been no shortages of service due to lack of water at the source. These utilities have found it necessary to continually enlarge their plants and facilities at the sources of supply as well as to extend and enlarge their distribution systems. There have been no difficult problems which the owners of the systems could not efficiently overcome.

This Department has continued to make inventories and cost studies of water properties for submitting to the Commission information to be used in the determination of the original cost of the properties, and for fixing allowances for depreciation charges.

The solution of some of the problems relating to the utilities of the State continue to be difficult to complete. During the late War, and since, there has been a growing demand and need by both present and prospective customers for gas service. The cause of this lack of adequate service has in the first instance been due to the continual increase in the load carried by the interstate pipe lines bringing natural gas into Missouri. Some of them pass through the State and supply gas in other states beyond Missouri. The owners of the interstate pipe lines are continually extending and enlarging their system but the call for the service outruns the expansion programs. Two of the three major pipe lines in the State are now able to provide sufficient amounts of gas to the distributing systems served to allow for the connection of domestic customers without restrictions. The third company's lines are yet inadequate to supply the distribution systems served by it.

Another cause for concern in connection with the furnishing of an adequate supply of gas has been the reduced cost of natural gas for space heating in comparison with the costs resulting from the use of any other kind of fuel. The cost of coal and oil used for fuel have continually increased since 1940. Gas service has continually become cheaper.

Manufactured gas systems have been converted for use of natural gas and the price of natural gas has gone down. Its cost is now low enough that its use for space heating is much below the cost of coal or oil. That, in addition to the convenience found in the use of natural gas compared to the use of coal or oil, has and is leading the public to demand more and more gas for general use and space heating.

Conferences with the Federal Power Commission have been attended and testimony has been presented to that Commission for the purpose of securing greater supplies of natural gas for the public in this State. These efforts have not been without success. Greater quantities of gas are now being supplied than ever before but there is yet a lot to be done.

Preparations are now being made to convert additional manufacturing gas systems to the use of natural gas. Certificates of convenience and necessity have been granted for the construction and operation of lines and distribution systems to and in additional cities in the State. It is anticipated that extension of the service to other cities and towns will be made in the near future.

The Department attempts to keep informed concerning the expansion of these facilities. It makes studies of the original cost of the properties and the requirements for depreciation allowance in order to assist the Commission in finding values of the properties and fixing the rates for service.

Electrical and Steam Heating

The work in this Department includes the preparation of appraisal reports, depreciation studies, allocation of jointly

used facilities, determination of property not used in public service and analyzing and preparing original cost studies.

The work of the Electrical Division covers:

(a) The keeping of accurate statistical records of all privately owned electric and steam heating utilities under the jurisdiction of the Commission.

(b) Adjustment of correspondence complaints involving electric and steam heat service.

(c) General inspection of equipment and test of service meters.

(d) General supervision of the quality of equipment and service of electric and steam heat utilities insofar as the public interest, public health and safety of the public and employees are concerned.

(e) Attending hearings, offering testimony and making investigations when necessary, in matters before the Commission involving permits for electric transmission lines, inductive interference controversies and transfers of utilities, and other formal cases before the Commission relating to standards, adequacy and extensions of utility service and the charges for such service, in which sales of utility property is involved.

(f) Making studies and surveys of the conditions surrounding the extensions of electric lines in order that service may be extended to rural areas throughout the State. This work has required particular attention concerning the type and safety of the line that may be adequate for rendering good service, but at the same time encouraging the construction by the use of that type of line that can be constructed at the lowest cost.

(g) Assistance in the preparation of reports and orders involving engineering problems.

(h) Introduction of testimony and assistance in examination of witnesses in all matters of utility valuation work and other engineering problems.

During the period of this report 33 certificates of convenience and necessity have been granted utilities by the Commission for the construction and operation of the added facilities for extending electric services into new areas or to operate under new franchises.

Telephone and Telegraph

As with the other utilities, the telephone utilities throughout the State have found themselves facing the problem of rendering telephone service to greatly increased numbers of customers through facilities that were constructed largely before the war. During the war they were restricted in most part to the construction and operation of their facilities to users of the service engaged in the war effort. Following the war the relocation of the public apparently continues to be in the urban areas, but even so, telephone companies serving small cities have found themselves with severely inadequate facilities for rendering service. For a time these utilities were able to expand by downgrading service, changing direct customer lines to serve two, three, and four customers, thereby providing additional service, but that has failed to meet the demand for increased usages of the service.

Utilities have been urged to provide facilities and they have made great efforts to get materials for expansion to render service but that is yet short of the present needs. It is necessary

to handle many complaints from persons throughout the State who desire and need telephone service but are unable to obtain it. Every effort is being made to assist in carrying on this expansion program but time and materials will be required to bring the service back to normal. Considerable effort has been made to get the telephone companies to extend the service more and more into rural areas. The companies have responded substantially to this demand for service but there is much yet to be done.

The Department has made original cost studies of many of the telephone systems through the State and made many inspections of systems for the purpose of informing the Commission relative to the condition of the plants through which service has been furnished. These surveys have been required particularly because of requests for increases in rates. The utilities have filed many applications with the Commission, as the record will show, and there have been severe objections to the allowance of increases in rates because of unsatisfactory service. In some instances the Commission has refused to allow increases owing to the unsatisfactory service or has allowed increases sufficient only to meet increases in wages to employees who have the work of maintaining and operating the exchanges throughout the State.

It has been found that where utilities have given first class telephone service the public has not so seriously objected to the increases in rates required to meet the operating expenses. Particularly is this true where it is found that the employees of the telephone systems have been given increases in

wages. It continues to be very apparent that the public is willing to pay for high class service when furnished through a well maintained and economically operated exchange.

Many schedules containing rates, rules, and regulations relating to the various services rendered throughout the State were filed by the various utilities. These were studied and checked by the Department before allowed to become effective.

In the department handling matters relating to rates and services of the various utilities there were written and handled two thousand six hundred sixty-six letters and one hundred ninety-six conferences held. This phase of the work is handled informally by the department with the public and disposed of without having to be made a formal matter.

GENERAL

In formal cases coming before the Commission relative to problems with the foregoing utilities, it is the duty of the Department to have a staff member present at hearings before the Commission to assist in every way possible. In valuation cases, a staff member testifies as to the value of utility property and is present for consultation with the Commission on matters touching upon technical engineering work and allocated property.

The department also covers the following matters:

The keeping of an accurate record of the rates charged by all public or privately owned utilities furnishing electric, gas, water, telephone and steam heating service.

The staff handles correspondence relative to these matters and to matters relating to complaints both as to rates

that should be charged for the service or unsatisfactory service. When called upon, investigation is made of the equipment, manner used in rendering service and the testing of meters through which the service is measured. The quality of the service furnished by utilities and the safety of the public in the construction, operation and maintenance are matters which are studied and investigated by the Engineering Department.

While it has been necessary for the Commission to allow increases in rates for telephone service in many cases and areas, there have been only small increases for electric, gas, water or steam heating service furnished by utilities in the State.

TRANSPORTATION RATE DEPARTMENT

The Transportation Rate Department has general supervision of the Commission's activities in administration of various laws providing for the regulation of transportation rates, fares and charges and rules, regulations and practices affecting rates, fares and charges of railroads, motor carriers, contract haulers, street railways, express, freight forwarding and sleeping car companies. It also serves as the Commission's agency for ascertaining the measure of service afforded the public by those transportation agencies. The personnel of the Department consists of the Chief Rate Expert, three Rate Experts, and two Senior Stenographers.

The Department examines into the reasonableness of changes in rates and fares proposed by transportation agencies for the transportation of property and persons moving wholly within the State of Missouri, renders general assistance to the public in connection with interstate and intrastate rate problems and complaints relative to inadequate or unsatisfactory service furnished by transportation agencies where the Commission is empowered by statute with jurisdiction.

The statutes require that all carriers file with the Commission tariff schedules naming rates, rules and regulations for the transportation of passengers and property between points within the State. The Rate Department receives these filings, each of which is examined carefully to determine the reasonableness of its provisions and to determine whether it complies with the Commission's prescribed rules of publication. During the

past year a total of 5,655 tariff schedules were filed by common carriers operating between points in the State. This is somewhat less than the number of schedules filed during the year ending June 30, 1948, and we believe is an indication of some stabilization in transportation rates.

The Department initiates and maintains a constant and heavy volume of correspondence with individual carriers and their tariff publishing agents seeking correction of objectionable and unlawful tariff publications. Frequently our handling with the carriers results in the elimination of such objectionable and unlawful provisions before the tariff schedules become effective. In some cases, however, the publications are rejected for just cause. During the period of this report we found it necessary to reject 44 tariff schedules as unlawful. Other tariff schedules containing rates, fares, charges or provisions which appear to be unreasonable or injurious to the public are suspended from becoming effective and the matter is assigned for investigation by the Commission to determine the propriety thereof.

In addition to the maintenance of the official files of all tariffs naming Missouri intrastate rates and charges, the Department maintains an extensive file of interstate tariffs of different transportation agencies. These schedules are used by the Department for rate comparative purposes and for the preparation of data for presentation in interstate cases. The interstate tariff file is also used by other State governmental departments.

During the period covered by this report the Rate Department received 171 applications from carriers seeking authority to establish rates, rules or other provisions upon

less than statutory notice, due to emergency situations, or seeking relief from certain provisions of the Commission's tariff publication rules. Each of these cases was disposed of promptly in accordance with the authority vested in the Commission under Sections 5605 or 5607, R.S. Mo. 1939, by issuance of formal orders thereon. Also, during the year the Department prepared 72 miscellaneous orders, 11 of which were for the purpose of suspending the operating authority of certain motor carriers for failure to establish or maintain tariff schedules as they are required to do by statute.

The Commission receives hundreds of informal complaints each year with respect to the reasonableness of rates assessed and overcharges due to improper tariff interpretation, as well as complaints as to services and facilities of transportation agencies. Frequently, the Commission is also called on for tariff interpretations involving undercharges. The Rate Department analyzes these complaints, many of which require personal investigation in the field, and some of which lead to formal proceedings before the Commission.

The Department is represented at all hearings before the Commission involving rates and charges of transportation agencies and assists the Commission in obtaining the facts necessary for orderly and proper determination of the issues before it. The Rate Department also participates, on behalf of the Commission, in interstate proceedings involving interstate rates from, to and between points in the State of Missouri and accumulates and compiles essential statistics of railroad and motor carrier operations.

The Department also receives and analyzes various statistics prepared by other State Commissions and the Interstate Commerce Commission to keep informed of transportation conditions in the surrounding states, various rate territories and the United States as a whole.

It is the duty of the Rate Department to examine all contracts of contract haulers in order that the Commission may, before authorizing contract hauler permits, determine that such contracts are lawful from the standpoint of rates and charges to be assessed thereunder.

In previous reports we have called attention to the work of consolidation and elimination of duplication in existing bus and truck authorities as a means of simplifying the Commission's records and facilitating the publication of tariff schedules covering such authorities. During the past year the Department continued this program and 65 restatements of authorities were made. This makes a total of 193 restatements of operating authorities since the program was begun in 1946. This does not necessarily represent restatement of that many separate authorities because additional grants of authorities or transfers of authorities or portions of authorities make it necessary in some cases to restate the same authority more than once. It does indicate, however, that a goodly portion of the bus and truck authorities have been consolidated and clarified.

The Department has also continued its program of personal contact with the motor carriers throughout the State and although our efforts in this respect have been somewhat hampered

by other matters, we did make many so-called "compliance surveys", by means of which we have been able to offer carriers suggestions and advice for better compliance with the statutes and Commission requirements. In addition to these rather extensive examinations of carriers' records, 51 personal contacts of motor carriers were made in connection with the annual and quarterly reports required of these carriers by the Commission. These reports are invaluable to the Rate Department in administering the provisions of the statutes that require all rates and charges of carriers to be just and reasonable. It is essential that the information furnished in the reports be accurate if the best interests of the public are to be protected.

During the period of the report the Department also began an investigation into devising an expedient method for establishing an increased number of joint through rates between motor carriers. The investigation was prompted by an application filed by a group of motor carriers for authority to broaden the joint service at through rates which they are now authorized to perform. While the investigation has not been completed it does not appear improbable that a day in the not too far distant future will see it possible for a Missouri shipper to route his freight by any two motor carriers for a single through rate, the same as he has been able to do by rail for many years.

Interstate Rate Levels

In our previous reports we have commented on the rising costs of operations of transportation agencies, pointing out that they are exceptionally vulnerable to inflationary forces or to

sudden and sharp ascending costs. In our last report we discussed the comprehensive general increase proceeding before the Interstate Commerce Commission in Ex Parte No. 166, Increased Freight Rates, 1947, and summarized the interstate increases to and including those authorized in the third interim report in Ex Parte No. 166. The third interim increases became effective May 6, 1948. On July 27, 1948, the Interstate Commerce Commission issued its final report in Ex Parte No. 166 (270 I.C.C. 403) making certain further increases and reductions in interstate freight rates and charges. The permanent increases amount to 30 percent within Eastern Territory, 25 per cent within Zone I of Western Trunk Line Territory, 20 percent within Western Territory other than Zone I, 25 percent interterritorially between Western Territory and Eastern Territory, and $22\frac{1}{2}$ percent between Western Territory other than Zone I Territory and Zone I of Western Trunk Line Territory. However, the freight rate level was not to remain static for long.

By petition filed with the Interstate Commerce Commission on October 1, 1948, the nation's railroads sought a further general increase in rates and charges of 8 percent with certain exceptions. They contended that costs of operations had increased to such an extent that the then current freight rates and charges were not producing railway income adequate to maintain a financial condition that would enable the railroads to continue to provide the public with sufficient and efficient transportation service to meet the needs of commerce, the postal service and the national defense. The increases in freight rates and charges, passenger

fares, mail pay and other rates and charges in recent years had not yielded revenues in sufficient amounts to offset increased costs.

Under procedures provided by the Railway Labor Act, railway operating employees were awarded a 10 cent an hour increase in pay to become effective October 16, 1948, and to meet this further increase in operating expense a second petition was filed on October 12, 1948, amending the original petition so as to request authority to increase freight rates and charges generally 13 percent in lieu of the 8 percent theretofore sought, subject to maximum increases on certain commodities and except that rates on coal, coke, and iron ore were to be increased a flat amount per ton. Contemporaneously with the filing of the amended petition a motion was filed for interim emergency increases of 8 percent with certain exceptions pending determination of the petition in its entirety.

In its decision on the motion for interim increases, dated December 29, 1948, the Interstate Commerce Commission authorized temporary percentage increases of 6 percent within Eastern Territory, 5 percent in Zone I of Western Trunk Line Territory, 4 percent within Western Territory other than Zone I of Western Trunk Line Territory and 5 percent interterritorially between Eastern Territory, Western Territory and Zone I of Western Trunk Line Territory. The interstate tariffs providing the authorized increases became effective January 11, 1949. The matter of the permanent increases was not decided during the period of this report.

In our last report we summarized the increases in railroad freight rates in the post war period. Up to the increases

authorized in the third interim report of May 6, 1948, freight rates had received cumulative increases of approximately 43 percent since July 1, 1946. As the increases authorized in Ex Parte No. 168 were not on uniform percentages, the over-all effect of the interim increases is difficult to determine. However, the accumulated average increase over rates in effect June 30, 1946 was approximately 48 percent.

We have previously called attention to the substantial increases in express rates in October 1947 and also to the further increases in December, 1947. Subsequent to these general numerous increases in express commodity rates have been allowed to become effective by publishing and filing of such rates on statutory notice to the Commission and the public. In Ex Parte No. 163, Increased Express Rates and Charges, 1946, decided December 29, 1948, the Interstate Commerce Commission authorized a uniform scale of express rates and charges for the entire country, which resulted in some increases in rates and charges of the Railway Express Agency in eastern and southern territories. Such increases affected Missouri shippers but very little as the scale adopted was that theretofore applicable in Western Territory.

While the level of interstate motor carrier rates has continued to rise somewhat the increases have not been as general as for the past few years. There have been no proceedings before the Interstate Commerce Commission concerning increases in motor carrier rates during the period of this report.

Intrastate Levels

Rail rates on intrastate traffic followed the trend of interstate rates but were not increased to the same extent. In our previous report we stated that we had followed the increases in interstate freight rate levels up to that brought about by the second interim report of the Interstate Commerce Commission in Ex Parte No. 166. The third interim increases became effective May 6, 1948, on interstate traffic and identical increases on Missouri intrastate traffic were published to become effective July 1, 1948. The intrastate increases were suspended from becoming effective pending determination of the reasonableness of the resulting rates and charges. This matter was heard on July 26-27, 1948. However, in view of the fact that the Interstate Commerce Commission issued its final order in Ex Parte No. 168 on July 27, 1948, in this case the Commission, by order dated August 10, 1948, reopened the entire question of increases in railroad freight rates and charges. This case was heard September 20-21, 1948.

By order of January 20, 1949, the Commission decided that increased operating costs of the railroads did warrant permanent increases in intrastate freight rates but that such increases should not exceed 20 percent. The Commission found no justification for granting varying percentage increases in the various rate territories into which Missouri is divided. The permanent increases were, of course, in lieu of the interim increases previously authorized.

The railroads' petitions of October 1, 1948, and amended October 12, 1948, as filed with the Interstate Commerce

Commission, were docketed with this Commission under Case No. 11,533. In its order of April 15, 1949 this Commission authorized the railroads to further increase their rates and charges but such increases were not to exceed 4 percent. Again the Commission could find no justification for granting varying percentage increases in the various rate territories of which Missouri is comprised. As in its report and order in Case No. 11,192 the Commission said it was of the opinion that to find varying increases to be reasonable would also necessarily require a finding that current rates and charges in one or more of the different territories were unjustly discriminatory or unduly preferential. The evidence adduced did not support such a finding. The matter of the permanent increases sought in Case No. 11,533 was not decided during the period of this report.

No further increases were made in rail passenger fares and charges during the past year.

Likewise, no general increases in Missouri intrastate express rates were made during the period of this report. As in the case of interstate express rates, however, there was some revision in express commodity rates which were published on statutory notice and were permitted to become effective without suspension or investigation.

At the time of our last report Missouri motor carriers of property were operating on rates prescribed in our supplemental report and order in Case No. 8397, dated June 22, 1946, plus interim emergency increases of 15 percent on less-truckload traffic and 10 percent on truckload traffic. These increases

were being applied as surcharges pending determination of the carriers' petition for a permanent 30 percent increase in rates. The matter of the permanent increases was decided and by an order dated October 27, 1948 new class rate scales were prescribed which represented an average increase in less-truckload rates of approximately 20 percent and an average increase in truckload rates of approximately 17 percent over those prescribed by the Commission's order of June 22, 1946. Charges for accessorial services were increased a flat 20 percent. In some instances motor carrier commodity rates were increased to the same extent as the class rates but such action was voluntary on the part of the carriers.

Many of the bus companies serving Missouri have revised fares upward to some extent. Increases were generally from the basis of 2.2 cents to 2.5 cents a passenger mile. The establishment of a 25 cent minimum fare by the intercity bus operators has also become general. All such revisions were voluntarily established by the carriers and were permitted to become effective without suspension or investigation.

In spite of the over-all increases in transportation rates and charges there is an obvious trend toward increased competition between motor carriers as well as between the railroads and the motor carriers, as witnessed by the considerable number of commodity rates established by rail carriers to meet the rates of motor carriers and also those established by motor carriers to meet rail rates. While it is our policy to permit carriers to meet the rates and charges of competing carriers,

whether rail or truck, rate schedules filed for such purposes must be carefully analyzed to ascertain that the publications do not give any carrier or group of carriers any unfair competitive advantages. We must, of course, bear in mind that each kind of transportation service has certain inherent advantages that should not be destroyed.

The decrease in patronage and increase in operating expenses of the St. Louis and Kansas City street railway and bus systems continued during the past year. By schedules filed to become effective January 2, 1949 the St. Louis Public Service Company proposed new fares and charges that would have increased the individual cash fare from 10 cents to 12 cents and provided for the sale of adult tokens at the rate of 3 tokens for 35 cents, eliminate the Sunday and holiday pass, increase the student weekly pass from 50 cents to 75 cents, eliminate the shopper-theater weekly pass, increase the special weekly pass from \$1.50 to \$1.75 and increase the adult express cash fare from 10 cents to 15 cents and eliminate the weekly express pass. The schedules were suspended from becoming effective and the matter was set for hearing before the Commission.

In its order of February 26, 1949 the Commission found that the 10 cent cash fare should be retained, that the express fare should be increased to 15 cents and that the 50 cent student pass should be retained but should be restricted to use on regular school days only. The use of all other passes was eliminated. In that order the Commission directed a 90-day trial period for the resulting fare structure and suggested

that the company investigate the possibilities of establishing a system of just and reasonable fares that would give consideration to the measure of service performed, having due regard for distances traveled. It was further suggested that the investigation should embrace the practicability of zone fares or modified forms thereof through the medium of charges for transfers, greater utilization of express service, or by other methods as would appear to be equitable to all parties concerned.

On June 3, 1949 St. Louis Public Service Company filed a supplemental petition and plan for relief incorporating a proposal for the establishment of a 13 cent cash fare, a token fare of 2 for 25 cents, and an off-peak round-trip ticket good on Monday through Friday, inclusive, between the hours of 10:00 a.m. and 4:00 p.m., at a cost of 20 cents. In addition, an added zone fare of 5 cents was proposed for passengers crossing a zone boundary, generally near or slightly beyond the city limits of the City of St. Louis. The company also proposed an extension of express service on certain additional lines. Hearings in this matter commenced on June 20, 1949 and during the period covered by this report final hearings had not been concluded.

On July 29, 1948 the Kansas City Public Service Company filed with the Commission its proposed new tariff to become effective September 1, 1948 in which it sought to establish adult fares of 12 cents or 3 tokens for 35 cents and children's fares of 6 cents cash or 5 tokens for 25 cents. The matter of the proposed increase in fares was assigned for hearing in Case No. 11,420 and was heard on August 12-13, 1948. On August 20, 1948 the Commission issued

its report and order authorizing the company to establish adult fares of 12 cents cash or 3 tokens for 35 cents but ordered children's fares to remain at 5 cents cash or 6 tokens for 25 cents. The Commission permitted the increased fares to become effective September 1, 1948.

By supplemental petition filed May 18, 1949 the Kansas City Public Service Company sought further increases in its fares and charges. The determination of the matter was not made during the period of this report.

There has been little change in the mileage of railroads operating in Missouri in the past year. There have been no abandonments and such changes in mileage as have occurred have been due to the relocation of main line tracks or alterations of yard facilities.

During the year the St. Louis Public Service Company abandoned approximately 40 miles of street railway tracks. The Kansas City Public Service Company did not reduce its trackage during the year. In fact, its total trackage increased slightly because of additions to second main tracks and switching tracks.

A statement showing the mileage of all railroads and street railway systems operated in the State of Missouri as of December 31, 1948 follows:

MILEAGE OF CLASS I STEAM RAILROADS AND CITY STREET RAILWAYS OPERATED IN
MISSOURI AS OF DECEMBER 31, 1948

MILEAGE OF CLASS I RAILROADS IN MISSOURI

RAILROAD	MILES OF ROAD	MILES OF SECOND MAIN TRACKS	MILES OF ALL OTHER MAIN TRACKS	MILES OF PASSING TRACKS, CROSS- OVERS, TURNOUTS	MILES OF WAY SWITCHING TRACKS	MILES OF YARD SWITCH- ING TRACKS	TOTAL
THE ATCHISON, TOPEKA & SANTA FE RAILWAY CO.....	308.95	200.10	26.48	59.62	32.43	40.86	668.44
CHICAGO, BURLINGTON & QUINCY RAILROAD CO.....	1171.07	131.10	-----	104.68	91.69	236.79	1736.13
CHICAGO, GREAT WESTERN RAILWAY CO.....	101.25	3.61	-----	15.18	7.20	19.46	146.70
CHICAGO, MILWAUKEE, ST. PAUL & PACIFIC RAILROAD CO.....	153.94	56.39	12.45	41.61	15.99	94.42	374.80
THE CHICAGO, ROCK ISLAND & PACIFIC RAILROAD CO.....	528.02	88.56	11.97	57.29	37.19	96.20	819.23
GULF, MOBILE & OHIO RAILROAD CO.....	257.48	24.51	-----	46.88	18.94	29.41	377.22
ILLINOIS TERMINAL RAILROAD CO..	2.72	2.52	-----	-----	-----	8.95	14.19
THE KANSAS CITY SOUTHERN RAILWAY CO.....	199.60	10.42	-----	35.63	20.93	102.52	369.10
*MISSOURI & ARKANSAS RAILWAY CO.	69.13	-----	8.00	-----	.48	5.03	82.64
MISSOURI-ILLINOIS RAILROAD CO..	89.04	-----	-----	6.20	19.71	10.63	125.58
MISSOURI-KANSAS-TEXAS RAILROAD CO.....	470.22	28.29	-----	62.21	38.58	51.04	650.34
MISSOURI PACIFIC RAILROAD CO..	1463.99	223.31	1.50	201.78	114.66	434.21	2439.45
ST. LOUIS-SAN FRANCISCO RAIL- WAY CO.....	1475.87	56.87	-----	178.33	115.59	268.71	2095.37
ST. LOUIS SOUTHWESTERN RAIL- WAY CO.....	220.90	19.11	-----	34.34	16.88	31.88	323.11
WABASH RAILROAD CO.....	629.55	83.91	13.31	93.67	78.60	120.63	1019.67
TOTAL.....	7142.63	928.70	73.71	937.42	608.87	1550.74	11242.07

*NOT OPERATING

MILEAGE OF CITY STREET RAILWAYS
IN MISSOURI

KANSAS CITY PUBLIC SERVICE CO.....	66.62	43.54	-----	5.59	-----	7.76	123.51
ST. LOUIS PUBLIC SERVICE CO.....	114.83	109.60	-----	19.06	-----	16.84	260.33
TOTAL.....	181.45	153.14	-----	24.65	-----	24.60	383.84

MILEAGE OF SMALL RAILROADS AND SWITCHING AND TERMINAL
COMPANIES OPERATED IN MISSOURI AS OF DECEMBER 31, 1948

	<u>Miles of Road Operated</u>
<u>SMALL ROADS (Steam):</u>	
Bevier & Southern Railroad Co.	22.98
*Cassville & Exeter Railway Co.	4.70
Hannibal Connecting R.R. Co.	2.91
Kansas City Connecting R.R. Co.	4.73
Missouri & Illinois Bridge & Belt R.R. Co.	2.08
*Rockport, Langdon & Northern Ry. Co.	6.18
St. Louis & Troy Railroad Co.	<u>5.20</u>
Total	48.78

SMALL ROADS (Other than Steam):

The Joplin-Pittsburg Railroad Co. (Diesel)	7.63
St. Francois County Railroad Co. (Electric).	<u>9.74</u>
Total	17.37

SWITCHING AND TERMINAL COMPANIES:

	<u>Miles of All Tracks</u>
Hannibal Union Depot Co.81
Joplin Union Depot Co.	6.62
Kansas City Terminal Railway Co.	111.38
Manufacturers Railway Co.	26.20
Rock Island-Frisco Terminal Railway Co.	2.45
St. Joseph Belt Railway Co.	19.70
St. Joseph Terminal Railroad Co.	12.24
St. Joseph Union Depot Co.	2.07
Terminal Railroad Association of St. Louis	165.84
Union Terminal Railway Co.	<u>23.73</u>
Total	367.04

*Not operating

BUS AND TRUCK DEPARTMENT

This Department on June 30, 1949, consisted of a Supervisor, eight inspectors, Chief Clerk and eight clerks and stenographers.

The Bus and Truck Department of the Public Service Commission of Missouri has in every possible way cooperated with all State and Federal Departments involved in the Transportation Field. There has been constant cooperation between this Department and the Bureau of Motor Carriers, Interstate Commerce Commission on all matters pertaining to Interstate Motor Carrier operations. Information in regard to operations of carriers, safety, investigations, road checks, and assignments were of mutual benefit to both organizations. As in the past, this Department offered and received full cooperation from the Missouri State Highway Patrol, the Highway Department, the Insurance Department, the Motor Vehicle Registration Department, the Secretary of State's Office, the State Auditor's Office, the State Treasurer's Office, and all of the Division in the Department of Revenue.

Inspectors of the Bus and Truck Department have continually given service to the general public as well as to the transportation industry. The members of the Inspection Division made contacts with operators of Motor Bus and Truck Companies, Shippers, Consignees, and the Public on complaints, investigations, special assignments, and where specific information was requested on transportation problems. These men were also active in promoting "Safety" upon the highways of this State, and they offered cooperation on all "Safety Programs".

The following tabulation shows the revenue from common carriers for the past year:

July 1, 1948 to June 30, 1949

Truck License Fees	\$379,650.59
Truck Emergency Fees	224,797.50
Bus License Fees	184,329.91
Bus Emergency Fees	<u>6,041.00</u>
	\$794,819.00

Registration Credit given from July 1, 1948, to June 30, 1949 inclusive, by the Bus and Truck Department: (The following credits were allowed carriers as provided by law, incident to the purchase of their license plates from the Motor Vehicle License Unit of the Department of Revenue:)

Credit on Truck Fees	\$169,010.91
Credit on Bus Fees	<u>38,527.34</u>
	\$207,538.25

Comparison with previous year:

July 1, 1947 to June 30, 1948

Truck License Fees	\$333,839.31
Truck Emergency Fees	183,167.50
Bus License Fees	186,280.62
Bus Emergency Fees	<u>7,266.50</u>
	\$710,553.93

The anticipated revenue for the coming year should be similar to the revenue received during the past year. (Decrease expected in license fees for Busses for coming year).

TRUCK--COMMON CARRIERS

INTRASTATE

REGULAR ROUTE	14
IRREGULAR ROUTE	20
REGULAR AND IRREGULAR ROUTES	<u>23</u>
	57

INTERSTATE

REGULAR ROUTE	6
IRREGULAR ROUTE	431
REGULAR AND IRREGULAR ROUTES	<u>20</u>
	457

INTRASTATE AND INTERSTATE

REGULAR ROUTE	3
IRREGULAR ROUTE	80
REGULAR AND IRREGULAR ROUTES	<u>223</u>
	306

820

TRUCK--CONTRACT HAULERS

INTRASTATE

REGULAR ROUTE	2
IRREGULAR ROUTE	42
REGULAR AND IRREGULAR ROUTES	<u>0</u>
	44

INTERSTATE

REGULAR ROUTE	14
IRREGULAR ROUTE	134
REGULAR AND IRREGULAR ROUTES	<u>0</u>
	148

INTRASTATE AND INTERSTATE

REGULAR ROUTE	0
IRREGULAR ROUTE	41
REGULAR AND IRREGULAR ROUTES	<u>5</u>
	46

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BUS--COMMON CARRIERS

INTRASTATE

REGULAR ROUTE	38
IRREGULAR ROUTE	9
REGULAR AND IRREGULAR ROUTES	<u>9</u>
	56

INTERSTATE

REGULAR ROUTE	4
IRREGULAR ROUTE	18
REGULAR AND IRREGULAR ROUTES	<u>0</u>
	22

INTRASTATE AND INTERSTATE

REGULAR ROUTE	4
IRREGULAR ROUTE	2
REGULAR AND IRREGULAR ROUTES	<u>19</u>
	25

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BUS--CONTRACT HAULERS

INTRASTATE

REGULAR ROUTE	1
IRREGULAR ROUTE	2
REGULAR AND IRREGULAR	<u>0</u>
	3

3

COMMON CARRIERS

	Truck Reciprocity License Cards Issued	Bus Reciprocity License Cards Issued
JULY, 1948	266	58
AUGUST, 1948	271	1
SEPTEMBER, 1948	305	0
OCTOBER, 1948	286	0
NOVEMBER, 1948	321	8
DECEMBER, 1948	64	0
JANUARY, 1949	6,230	70
FEBRUARY, 1949	636	24
MARCH, 1949	513	41
APRIL, 1949	581	66
MAY, 1949	235	0
JUNE, 1949	<u>251</u>	<u>0</u>
	9,959	268

CONTRACT HAULER CARDS ISSUED

	TRUCK	TRUCK RECIPROCITY	BUS
JULY, 1948	82	26	0
AUGUST, 1948	59	27	0
SEPTEMBER, 1948	80	13	0
OCTOBER, 1948	35	31	0
NOVEMBER, 1948	36	54	0
DECEMBER, 1948	17	18	0
JANUARY, 1949	1,168	1,178	3
FEBRUARY, 1949	113	175	0
MARCH, 1949	74	130	0
APRIL, 1949	71	75	0
MAY, 1949	57	50	0
JUNE, 1949	<u>60</u>	<u>88</u>	<u>0</u>
Total	1,852	1,865	3

During the period from July 1, 1948, to June 30, 1949, inclusive, orders relating to motor carriers subject to the Bus and Truck Law were issued classified as follows:

Additional Authority.....	41
New Authority.....	86
Extension of Authority.....	8
Denials.....	16
Dismissals.....	40
Transfers.....	82
Joint and Through Rates.....	2
Citations.....	5
Revocations.....	8
Rehearings.....	1
Sustaining Motion.....	2
Overruling Motion.....	7
Extending Effective Date.....	9
Cancelling Permit.....	7
Supplemental Order.....	1
Suspensions.....	175
Reinstatements.....	135
Change of Name.....	6
Discontinuing Service.....	4
Correction Order.....	8
Approval Ordering of Time Schedule.....	35
Temporary Permit.....	39
Dismissal of Citation.....	2
Additional Contracts.....	15
Consolidate Routes.....	2
Additional Travel Orders.....	296
Temporary discontinuance of schedules.....	54
Permanently discontinue schedules.....	4
Order on Motion.....	3
File Bond in lieu of insurance.....	5
Rate Orders.....	12
Order Setting Aside.....	7
TOTAL	1,117